

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
)	
Petition of Border to Border Communications, Inc.)	
For Waiver of Section 54.302 and the Framework)	
To Limit Reimbursable Capital and Operating)	
Expenses for the Purpose of Determining High)	
High Cost Support)	

REPLY COMMENTS OF BORDER TO BORDER COMMUNICATIONS, INC.

On June 29, 2012 Border To Border Communications, Inc. (“Border”) filed the above captioned petition for waiver of the \$250 per line month cap on USF support and the limitations on recovery of capital and operations expenses imposed by the regression analysis.¹ The Wireline Competition Bureau issued a Public Notice on July 12 soliciting comments by August 13, 2012 and replies by August 28. The only comment known to Border was filed by the National Telephone Cooperative Association (“NTCA”) on August 13, 2012. The NTCA comments strongly support Border’s petition, noting the “devastating effects adherence with the rules would have on the company and consumers it serves....”

In addition to NTCA’s filed comments, Border has received several letters of support from citizens and organizations in its service area, copies of which are attached as Exhibit 1. The supporting documents include a Resolution adopted by the Commissioners Court of Zapata

¹ With respect to the regression analysis, Border separately filed a request that the Bureau correct its study area boundary to reflect Border’s actual and substantially larger boundaries. Regardless of the direction of any change in the limits on capital and operational expense recovery, Border continues to request waiver of those limits for the reasons stated in its petition.

County and a letter from the President of the Zapata Economic Development Corporation. In addition, Exhibit 1 includes a copy of a letter from State Representative Ryan Guillen to Chairman Genachowski. Each of these supporters emphasizes the critical need of the citizens of Zapata County for continuation of Border's "dependable telecommunications and broadband services essential to their physical, economic and educational well-being" Representative Guillen noted the importance of Border's 911 service and stated that if Border were to shut down "my constituents would not be able to seek help in case of an emergency."

Border's petition asked for waiver of the identified rules for an indefinite period. Subsequent to the filing of Border's petition, the Bureau issued its first order granting a waiver of Section 54.302, to Allband Communications Cooperative, for a three year period.² Border recognizes that the Commission expects "carriers to periodically re-validate any need for support above the cap,"³ however, in order to accomplish its purpose, the waiver period must be realistic in terms of the public interest purposes to be served. In particular, the continued expansion and upgrading of facilities in a time of rapidly changing technology and rapidly increasing demand for broadband capacity necessarily requires service providers to continually obtain new capital necessary to build facilities meet this demand. No lender, including the US government's Rural Utilities Service will be interested in providing such capital financing if the revenue necessary to feasibility of its long term loans can be eliminated every three years. Similarly, no rational equity investor would contribute capital with such a high risk of negative earnings and loss of

² *Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules*, Order, DA 12-1194, WCB, July 25, 2012. ("Allband Order").

³ *Connect America Fund*, Report and Order, 26 FCC Rcd. 17663 (2011), para. 278.

investment. A minimum reasonable waiver period consistent with the need for reasonable predictability by both management and capital providers would be fifteen years.⁴

Border respectfully urges the fastest possible action on its waiver petition because the rules for which waiver have sought are already causing it severe financial hardship and will ultimately impair its ability to continue providing service. Border also asks that grant of its waiver be effective on July 1, 2012.

Respectfully submitted

Border to Border Communications, Inc.

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Attachment—Exhibit 1, Letters of Support

⁴ Allband's Application for Review, filed August 24, 2012, also seeks a 15 year waiver.